HongLeong Bank

Global Markets Research

Daily Market Highlights

Key Takeaways

- **Wall Street stocks rallied overnight** lifted by retailers' shares as the holiday season began amid deals during Black Friday and Cyber Monday sales. The Dow, S&P 500 and NASDAQ respectively posted a substantial gain of 1.46% (+354.3pts), 1.55% (+40.9pts) and 2.06% (+142.9pts). Oil prices rebounded alongside equities; WTI added $2.40 to close at $51.63/barrel while Brent crude gained $2.86 to $60.48/barrel, but sentiment was dampened by US **President Trump who commented that the US will likely go ahead with plans to impose additional tariffs on China** if negotiations at the G20 Summit. Earlier European stocks rallied on **report that the Italian government might be willing to cut deficit** to end the standoff with the European Commission. Yield on 10Y treasury ended 1bp higher at 3.05%.

- **Data in the US were mixed** with higher Chicago Fed National Activity Index but lower Dallas Fed Manufacturing Survey General Business Activity Index. Japan Markit Flash Manufacturing PMI fell from October's six-month peak to 51.8 in November. Elsewhere, data **from Hong Kong trade report beat expectations**, while **Singapore industrial productions rebounded** in October driven, by pharmaceutical output. **New Zealand trade deficit narrowed** to –NZD1.3bn in October as exports recorded a substantial gain of 14.4% MOM whereas growth in imports was held steady at 5.4% MOM.

- **USD strengthened against 8 G10s** after reversing early losses while the DXY climbed through European and US sessions to close 0.16% higher at 97.07. **Continue to expect a softer USD** as buying interest is likely to fade heading into major US releases this week. We continue to suspect that DXY is forming a bearish pattern that could top soon before heading lower going forward. In the meantime, gains cannot be ruled out but will find more difficult upsides nearing 97.20 – 97.30.

- **MYR advanced 0.10% to 4.1865 against USD** after rallying in late Asian afternoon and climbed against 7. **Stay neutral on MYR against USD** with scope for mild losses as markets sentiment is likely to take a hit after President Trump's comments on tariffs. We continue to caution lingering price-momentum divergence, formation of a bearish chart pattern and rising downward momentum to be pointing to a potential reversal lower. A close below 4.1940 today will add credence to this view.

- **SGD was relatively unchanged against USD at 1.3748** but managed to beat 8 G10s as refuge demand firmed up in the FX space. **We turn slightly bearish on SGD against USD**, weighed down by extended weakness in market sentiment. USDSGD remains in a bullish bias while holding above 1.3740. We maintain that there is scope to test 1.3763 soon. Breaking above this exposes a move to 1.3779.

Overnight Economic Data

US	→
Japan	↓
Hong Kong	↑
Singapore	↑
New Zealand	↑

What's Coming Up Next

Major Data

- US FHFA House Price Index MOM, S&P CoreLogic CS 20-City YOY NSA, Conf. Board Consumer Confidence
- China Industrial Profits

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1306	1.1320	1.1334	1.1347	1.1358	↗
GBPUSD	1.2777	1.2798	1.2808	1.2820	1.2857	↗
USDJPY	113.00	113.30	113.50	113.65	113.73	↗
AUDUSD	0.7203	0.7212	0.7224	0.7231	0.7243	↘
EURGBP	0.8826	0.8836	0.8848	0.8855	0.8877	↘
USDMYR	4.1885	4.1910	4.1925	4.1940	4.1950	→
EURMYR	4.7461	4.7500	4.7514	4.7530	4.7580	↘
JPYMYR	3.6850	3.6903	3.6937	3.6961	3.6987	↘
GBPMYR	5.3600	5.3662	5.3698	5.3721	5.3750	↘
SGDMYR	3.0461	3.0476	3.0501	3.0523	3.0555	→
AUDMYR	3.0197	3.0232	3.0289	3.0308	3.0350	↘
NZDMYR	2.8314	2.7350	2.8381	2.8424	2.8475	↘
USDSGD	1.3724	1.3740	1.3747	1.3757	1.3763	↗
EURSGD	1.5557	1.5571	1.5581	1.5604	1.5613	↗
GBPSGD	1.7556	1.7594	1.7608	1.7631	1.7650	↗
AUDSGD	0.9876	0.9904	0.9930	0.9950	0.9967	↘

* at time of writing

↗ = above 0.1% gain; ↘ = above 0.1% loss; → = less than 0.1% gain / loss

	Last Price	DoD %	YTD %
KLCI	1,701.99	0.36	-5.28
Dow Jones Ind.	24,640.24	1.46	-0.32
S&P 500	2,673.45	1.55	-0.01
FTSE 100	7,036.00	1.20	-8.48
Shanghai	2,575.81	-0.14	-22.11
Hang Seng	26,376.18	1.73	-11.84
STI	3,093.38	1.34	-9.10

Name	Last Price	DoD %	YTD %
CRB Index	180.30	0.39	-7.00
WTI oil ($/bbl)*	51.63	2.40	-14.55
Brent oil ($/bbl)	60.48	2.86	-9.56
Gold (S/oz)	1,222.40	-0.05	8.10
CPO (RM/tonne)	1,766.50	1.03	-26.09
Copper ($/tonne)	6,207.00	-0.77	-14.35
Rubber (sen/kg)	371.00	0.00	-19.78

Source: Bloomberg

Economic Data

	For	Actual	Last	Survey
US Chicago Fed Nat Activity Index	Oct	0.24	0.14 (revised)	0.18
US Dallas Fed Manf. Activity	Nov	17.6	29.4	24.5
JP Nikkei Japan PMI Mfg	Nov P	51.8	52.9	--
JP Leading Index CI	Sep F	104.3	104.5	--
JP Coincident Index	Sep F	114.4	115.6	--
HK Exports YOY	Oct	14.6%	4.5%	9.5%
HK Trade Balance HKD	Oct	-44.5b	-47.7b	-47.7b
SG Industrial Production YOY	Oct	4.3%	-0.1% (revised)	2.6%
NZ Trade Balance NZD	Oct	-1,295m	-1,596m (revised)	-850m
NZ Exports NZD	Oct	4.86b	4.25b (revised)	4.88b

Source: Bloomberg

Macroeconomics

- ***Chicago National Activity Index pointed to slight increase in US October economic growth:*** The Chicago Fed National Activity Index rose to +0.24 in October (Sep: +0.14 revised) as three of the four broad categories of indicators made positive contributions to the overall index. Contributions of production related indicators went down as industrial production growth slowed in the month whereas that of the employment-related indicators went up due to higher nonfarm payrolls. Meanwhile, contributions of the personal consumption and housing related categories ticked lower due to generally weaker housing data.

- ***Dallas Fed manufacturing survey indicates slower growth outlook in Texas's manufacturing sector:*** The Dallas Fed's monthly survey reported that the General Business Activity Index recorded a double-digit drop to 17.6 in November (Oct: 29.4). The decline in the production as well as the new orders indexes indicated that overall manufacturing conditions softened while the lower employment index suggested only a modest expansion of firms' hiring activities. The raw materials prices index eased from last month's seven-year high while similarly wages growth also came in a tad softer. Overall expectations of future business remained positive but were less optimistic compared to the previous month.

- ***Japan manufacturing PMI hit two-year low as new orders fell:*** The Markit Flash Japan Manufacturing PMI fell from October's six-month peak to 51.8 in November (Oct: 52.9) suggesting softer growth in the Japanese manufacturing industry. The slower upturn was attributed primarily to the decline in new orders as well as slower output, new exports orders, input and output prices. Employment meanwhile rose at a faster pace in line with the continuously tightening labour market in Japan. Sentiments remained positive but appeared to be weaker this month. In a separate release, leading index fell to 104.3 in September (Aug: 104.5) while coincident index fell to 114.4 (Aug: 115.6) suggesting slower growth in September.

- ***Hong Kong trade report beat expectations:*** Hong Kong exports bounced up higher by 14.6% YOY in October (Sep: +4.5%) whereas imports increased 13.1% YOY (Sep: +4.8%), bringing the trade deficit to narrow to –HKD44.5b (Sep: -HKD47.7b). The better-than-expected exports number was driven by faster shipment growth to its largest trading partner China (+17.8% vs +7.0%), the US (+10.3% vs +5.6%) as well as Germany (+4.2% vs -15.5%), reaffirming view that the Chinese firms continued to ramp up purchases for higher productions prior to the end of 2018.

- ***Pharmaceuticals output lifted Singapore's industrial productions***: Industrial productions rebounded to increase 4.3% YOY in October (Sep: -0.1% revised) driven by the rebound in biomedical manufacturing (+11.5% vs -9.3%) as the other two key categories i.e. electronics (-2.7% vs -6.1%) and chemicals (-1.0% vs -7.1%) continued to decline albeit at a slower pace. Biomedical was supported by pharmaceuticals output whereas within electronic cluster, production of semiconductors continued to fall as the global electronic demand is maturing towards the end of its cycle.

- ***New Zealand trade deficit narrowed on higher exports growth:*** Trade deficit in New Zealand exports narrowed to -NZD1.3bn in October (Sep: -NZD1.6bn) as exports recorded a substantial gain of 14.4% MOM (Sep: +7.0%) whereas growth in imports was held steady at 5.4% MOM (Sep: +5.4%). On a yearly basis, exports rose 6.6% YOY (Sep: +12.0%) whereas imports increased 14.1% YOY (Sep: +17.8%). China remained its top export market with shipment to the country recorded an annual gain of 24.3% YOY.

Economic Calendar

Date	Country	Events	Reporting Period	Survey	Prior	Revised
27/11	**US**	**FHFA House Price Index MOM**	**Sep**	**0.4%**	**0.3%**	**--**
		S&P CoreLogic CS 20-City YOY NSA	**Sep**	**5.2%**	**5.5%**	**--**
		Conf. Board Consumer Confidence	**Nov**	**135.9**	**137.9**	**--**
28/11		MBA Mortgage Applications	Nov-23	--	-0.1%	--
		Advance Goods Trade Balance	Oct	-$77.0b	-$76.0b	-$76.3b
		Wholesale Inventories MOM	Oct P	0.4%	0.4%	--
		Retail Inventories MOM	Oct	0.5%	0.1%	--
		GDP Annualized QOQ	3Q S	3.5%	3.5%	--
		New Home Sales MOM	Oct	4.0%	-5.5%	--
		Richmond Fed Manufacturing Index	Nov	15.0	15.0	--
27/11	**China**	**Industrial Profits YOY**	**Oct**	**--**	**4.1%**	**--**

Source: Bloomberg

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1328	-0.08	1.1384	1.1325	-5.61
GBPUSD	1.2827	0.10	1.2864	1.2796	-5.20
USDJPY	113.58	0.55	113.65	112.88	0.76
AUDUSD	0.7221	-0.17	0.7276	0.7213	-7.54
EURGBP	0.8842	-0.07	0.8869	0.8835	-0.40
USDMYR	4.1865	-0.10	4.1965	4.1865	3.46
EURMYR	4.7620	-0.09	4.7701	4.7501	-1.78
JPYMYR	3.6995	-0.51	3.7164	3.6991	2.90
GBPMYR	5.3795	-0.14	5.3847	5.3689	-1.54
SGDMYR	3.0519	-0.02	3.0540	3.0462	0.76
AUDMYR	3.0441	0.26	3.0481	3.0308	-3.72
NZDMYR	2.8501	-0.11	2.8531	2.8374	-1.03
CHFMYR	4.2065	-0.17	4.2098	4.2003	1.38
CNYMYR	0.6042	-0.02	0.6047	0.6037	-2.83
HKDMYR	0.5358	-0.07	0.5363	0.5354	3.46
USDSGD	1.3748	-0.01	1.3758	1.3725	2.93
EURSGD	1.5573	-0.10	1.5627	1.5571	-2.92
GBPSGD	1.7630	0.07	1.7674	1.7594	-2.52
AUDSGD	0.9928	-0.18	0.9989	0.9921	-4.89

Source: Bloomberg

➢Forex

MYR

- **MYR advanced 0.10% to 4.1865 against USD** after rallying in late Asian afternoon and climbed against 7 G10s following firmer regional sentiment.
- **Stay neutral on MYR against USD** with scope for mild losses as markets sentiment is likely to take a hit after President Trump's comments on tariffs. We continue to caution lingering price-momentum divergence, formation of a bearish chart pattern and rising downward momentum to be pointing to a potential reversal lower. A close below 4.1940 today will add credence to this view.

USD

- **USD strengthened against 8 G10s** after reversing early losses while the DXY climbed through European and US sessions to close 0.16% higher at 97.07, spurred by President Trump's comment that suggests additional tariffs on China to go ahead.
- **Continue to expect a softer USD** as buying interest is likely to fade heading into major US releases this week. We continue to suspect that DXY is forming a bearish pattern that could top soon before heading lower going forward. In the meantime, gains cannot be ruled out but will find more difficult upsides nearing 97.20 – 97.30.

EUR

- **EUR slipped 0.08% to 1.1328 against USD**, unable to hold on to early gains as risk appetite in the FX space ebbed, but inched higher against 5 G10s.
- **We maintain a slightly bullish EUR view in anticipation of a soft USD**, further supported by easing of EU-Italian budget impasse. Even though a bearish bias currently prevails, we reckon that losses will likely be limited and could bottom out near 1.1300 before heading higher. Doing so suggests the formation of a bullish pattern that may be headed for a break circa 1.1418.

GBP

- **GBP rose 0.1% to 1.2827 against USD** and climbed to the top of the G10 list, boosted by EU-UK accord on Brexit terms.
- **Continue to stay bullish GBP against USD**, supported by improved Brexit sentiment. However, we continue to caution that GBP is still highly sensitive to negative headlines that could quickly overturn recent gains. Downward momentum continues to recede and we maintain that there is room for GBPUSD to climb higher, possibly testing 1.2876 – 1.2898 going forward.

JPY

- **JPY weakened 0.55% to 113.58 against USD** and slumped against all G10s as refuge demand retreated amid rebound in equities.
- **We turn bearish on JPY against USD** as rising cautiousness on US-China trade war is likely to be supportive of the greenback. Strong rally overnight has tilted USDJPY to the upside, with scope to test 113.73 – 113.80 in the next leg higher.

AUD

- **AUD fell 0.17% to 0.7221 against USD** and fell against 8 G10s, following extended losses in commodities and worries that the US may actually impose additional tariffs on China.
- **We keep a slight bearish view on AUD against USD** on dampened sentiment ahead of G20 meeting after President Trump's comment on tariffs. Gains, if any, will likely be modest and premising on a weak USD. Bearish trend continues to prevail in AUDUSD and suggests a drop below 0.7212 soon. A break below this exposes a move to 0.7179.

SGD

- **SGD was relatively unchanged against USD at 1.3748** but managed to beat 8 G10s as refuge demand firmed up in the FX space.
- **We turn slightly bearish on SGD against USD**, weighed down by extended weakness in market sentiment. USDSGD remains in a bullish bias while holding above 1.3740. We maintain that there is scope to test 1.3763 soon. Breaking above this exposes a move to 1.3779.

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